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Trump's policies reshape investment strategies for advisors
By Frank Gargano
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If it seems like Donald Trump's return to the White House is dominating wealth management headlines, it's because advisors are reallocating client investment portfolios to weather any of the current administration's promised changes in inflation, tariffs, deregulation and more, according to new data from Financial Planning.

This month's Financial Advisor Confidence Outlook, which polls hundreds of industry experts and measures their confidence on a scale of minus-100 to 100, asked respondents to weigh in on how President Trump impacted portfolio management strategies and which vehicles are rising or decreasing in popularity.

More than half of advisors said the Trump administration's legislative plays have pushed them to adjust client portfolios to some degree. Policy areas involving taxes, trading and tariffs, deregulation, and government spending and debt were the top four demographics driving advisor changes.

When asked to what degree each of the four policy areas would influence client investment strategies, taxes had an 80% major or moderate influence. Tariffs were 77%, deregulation was 73% and government spending was 68%.

"Long-term interest rates and high market valuations leave only a small margin of error as far as managing the economy is concerned," one respondent said in the report. "Imposition of high tariffs will displace some industries or create a stoppage, [while] mass deportation will cause labor shortages in many industries and is inflationary."

Some advisors were optimistic that Trump's second term in office would be beneficial for the economy as a whole.

"Expect to see lower energy prices, a more business-friendly regulatory environment and decreased government spending that should help lower inflation expectations," one respondent said.

"I would expect the Trump tax cuts to be extended," another advisor said. "This will continue to fuel consumer spending."

Among the asset shifts planned by advisors over the coming months, advisors expected to reduce certain positions, including 26% who said cash, 20% for foreign equities like stocks and stock funds, and 18% for ESG funds.

Top increases were domestic equities at 35%, 33% for insurance products like annuities, and 30% for bonds and debt-based securities.

Equally important to note is that the February FACO overall confidence score of minus-4 is the first month since before the election that the metric has been in the negative.

Read on to learn more about how the Securities and Exchange Commission is rethinking its approach to crypto regulation, industry wide pushes to focus more on net new asset inflows and other issues facing advisors.

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Net new assets are top focus for Morgan Stanley, Raymond James in 2025
Despite slowdowns in 2024, executives at Raymond James and Morgan Stanley predict that 2025 will yield stronger inflows of new assets.

Net new assets for Morgan Stanley, which include asset collections that don't factor in market volatility, totaled $252 billion for the firm in 2024 — down roughly 11% from the year prior. But Morgan Stanley co-president Andy Saperstein said during the Bank of America Securities Financial Services Conference in Miami Beach, Florida, that this figure has less to do with growth, and more to do with clients pulling their money.

"The 2024 net result was lower not because our ability to drive growth was weaker, but because outflows were also elevated," Saperstein said. "There were some idiosyncratic reasons why in 2024 there was elevated outflows that wouldn't be concerning."

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Current client base is key for Citi's wealth management push, experts say
Citi wealth management leaders are moving ahead with a renewed focus on deepening relationships with existing clients, seeking to boost the private bank's net new assets.

In speaking at the BofA Securities Financial Services Conference, Citi Head of Wealth Andy Sieg said Citi's private bank already works with about a quarter of the billionaires in the world, but the $5 trillion those clients invest with rivals or elsewhere is a target for the bank's future growth.

"When you think about major U.S. wealth management firms, a lot of the growth is driven by new client acquisition, not surprisingly, because advisors tend to have a very large share of wallet with their core clientele," Sieg said. "This business has a different starting point. We've got tremendous reach around the world. Clients, as I said, have been with Citi for decades. But in aggregate, we

have a very low share of wallets."

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The 10 best- and worst-performing actively managed ETFs of the past 3 years
Actively managed exchange traded funds have grown in popularity in recent years, even with higher fees and the greater risk of volatility. Passive ETFs are still the predominant choice among asset managers, but that could change.

Benjamin J. Loughery, founder and managing principal of Lock Wealth Management in Atlanta, told Financial Planning's Rob Burgess that actively managed ETFs help create value for investors "particularly in inefficient markets."

"Fixed income has been a bright spot in recent years, as actively managed bond ETFs have delivered better alpha and efficiencies compared to a vanilla U.S. Aggregate Bond Index," he said. "With fees coming down, these strategies are becoming more compelling alternatives to traditional passive bond investing."

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RIAs push clients into the deep end of the private equity market
Private equity is a tempting but complicated market for investors to navigate on their own, fraught with risk and variable costs. But registered investment advisors are working to minimize those risks and help clients safely wade into private markets.

In a recent poll from asset management firm Blackstone, in which the company surveyed roughly 160 financial advisors, 79% of respondents said they planned to up the allocation of client portfolios into private markets in 2025. Fixed income and stocks each garnered 7%.

"We have had a number of clients come to us and ask for these offerings, whether it's private equity, real estate, private credit, what have you," Tim Thomas, chief investment officer at Seattle-based RIA Badgley Phelps Wealth Managers, told FP's Dan Shaw. "It is something that is on clients' minds and something that they are asking for."

READ MORE: Mindful of risks, RIAs steer clients into private markets

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SEC looks at past enforcement actions to influence crypto future
Hester Pierce, who has come to be known as "Crypto Mom" for decrying the Securities and Exchange Commission's crackdown on cryptocurrency firms, is using past court cases to inform the agency's attitude toward regulating digital assets.

In speaking with Bloomberg, Pierce said that the SEC's rash of enforcement actions against crypto firms has "been used [atypically] as a way to make regulatory policy" and is working in her role as head of the crypto task force to "get [the agency] back to a path where we're really using our other tools to make policy."

One such action is the high-profile case against Binance that has been in progress since 2023, but officials with the SEC submitted a request for a 60-day pause on Feb.10 to allow the agency time to flesh out a regulatory framework for digital assets.

READ MORE: SEC's Peirce says agency wants new approach to crypto

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